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## India

### Agricultural Situation

### Weekly Highlights & Hot Bites, No. 35

**2003**

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**Report Highlights:**

\*Government to assess Bt cotton for three years\*, \*Import of skimmed milk powder allowed\*, \*GDP growth may top 6 percent\*, \*Government keen on food security\*, \*Sudan interested in Indian wheat\*, \*FCI to improve warehouses\*, \*Farm income cover likely\*, \*Food sector needs integrated law\*, \*Sri Lanka to hike rice import duty\*, \*India's first biotech incubator to be set up in Hyderabad\*.

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Includes PSD Changes: No

Includes Trade Matrix: No

Unscheduled Report

New Delhi [IN1]

[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

### **GOVERNMENT TO ASSESS BT COTTON FOR THREE YEARS**

Reports quoting government sources indicate that the government will evaluate the performance of the bioengineered Bt cotton crop for three years (commercial cultivation was allowed in March 2002) before granting its final approval in view of contradictory reports about the Bt cotton's performance. In the wake of "mixed findings" of several studies, the Environment Minister said that no inference could be drawn about the performance of the Bt cotton crop. (Source: Business Line 8/23/03)

*Post Comment:* Although there are conflicting reports about the performance of the Bt cotton crop in terms of its yield, there are no reports so far questioning its ability to resist the American bollworm – the major purpose behind farmers' choosing the variety.

### **IMPORT OF SKIMMED MILK POWDER ALLOWED**

The government on August 28, 2003, decided to allow imports of 6,000 tons of Non-fat dry milk and whole milk powder at a preferential duty of 15 percent, in order to overcome the current short supply of milk in New Delhi. News reports suggest that the Directorate General of Foreign Trade decided to allow the imports in response to requests made by the National Dairy Development Board (NDDB) and a few state cooperatives. The Agriculture Minister remarked that the NDDB and state cooperatives will import smaller quantities initially, and will continue to purchase against the allocated quota after assessing the domestic situation. He said that the current shortage is due to last year's drought and the effective measures taken by the government to check the entry of synthetic milk into the domestic market. (Source: Financial Express 8/29/03)

### **GDP GROWTH MAY TOP 6 PERCENT**

The Reserve Bank of India (RBI) expects India's real GDP growth in 2003/04 (Apr-Mar) to significantly exceed the earlier projection of 6.0 percent made in April, triggered by a rebound in agricultural production and an upturn in industrial production. Its annual report says that per the latest assessment of rainfall conditions, a strong recovery in agricultural output is likely during the year. This, along with the continuance of an upturn in the industrial and services sectors, should cause the expected growth for 2003/04 to significantly exceed the earlier projection. (Source: Business Line, 08/28/03)

### **GOVERNMENT KEEN ON FOOD SECURITY**

The government is making efforts to provide direct programs to generate productive employment, which is essential for achieving food security, according to the Indian Finance Minister, Mr. Jaswant Singh. Releasing a book "Toward a Food Secure India", Mr. Singh added that every citizen has a right to food, and it was the government's duty to make food available at all times for all persons. The book discusses food security in India in a broad framework that goes beyond supply and demand. It addresses critical issues and emerging

concerns on food security, such as the demand for and the supply of food grains in the future, policy response to reforms, and globalization. (Source: Business Line, 08/24/03)

### **SUDAN INTERESTED IN INDIAN WHEAT**

Sudan has expressed its willingness to import 3 million tons of Indian wheat spread over a mutually agreed time period. A Sudanese delegation is currently visiting India. "Sudan is keen to purchase wheat from us up to 30 lakh (3 million) tons. Modalities in terms of sourcing, pricing, and (purchase frequency) can be mutually arrived at. It also wants to garner experience in grain procurement, storage, and distribution from India," according to Indian official sources. (Source: Business Line, 08/26/03)

### **FCI TO IMPROVE WAREHOUSES**

The Food Corporation of India (FCI) has embarked on a rs. 1 billion (\$22 million) program for modernization and computerization of its warehouses. Loading, unloading, procurement, and transportation of foodgrains would be undertaken using scientific methods. This would help in increasing efficiency and reduce damage, according to FCI Managing Director, Mr. V.K. Malhotra. (Source: Financial Express, 08/25/03)

### **FARM INCOME COVER LIKELY**

Agriculture Minister Rajnath Singh announced that the government was formulating a new insurance scheme to protect farmers who do not get the benefit of minimum support prices. The present minimum support price mechanism benefits only those farmers whose products are procured by government agencies. The proposed insurance scheme would provide for a designated insurance agency to compensate farmers for the difference between the minimum support price and the price actually received by them. The details of the scheme are still being worked out. (Source: Business Standard, 08/29/2003)

### **FOOD SECTOR NEEDS INTEGRATED LAW**

While officials in the Ministry of Health and Food Processing Industries admit that a comprehensive law needs to be in place covering all food products, keeping in mind the health of consumers and the industry, very little has been done to consolidate the laws and give a direction to the food processing sector. Analysts tracking the sector said that the authorities need to make food norms simple, yet stringent. (Source: Business Line, 08/25/03)

### **SRI LANKA TO HIKE RICE IMPORT DUTY**

Sri Lanka will raise duties on imported rice and subsidize exports of domestic rice varieties in order to protect farmers, who are expecting a bumper crop this year. The government will raise duties on rice imports to 9 rupees from 7 rupees per kg, and will offer a subsidy of 7 rupees per kg to rice exporters. Sri Lanka expects to produce 2.16 million tons of rice this year against a consumption requirement of 1.9 million tons. (Source: Business Line, 08/22/03)

*Post comment:* While the increase in import duty is official, the export subsidy has yet to be confirmed.

**INDIA'S FIRST BIOTECH INCUBATOR TO BE SET UP IN HYDERABAD**

The Department of Biotechnology, the State Government of Andhra Pradesh, and other related science institutions have decided to establish the country's first full-fledged Biotechnology Incubator (BI) in Hyderabad. A consortium led by a group of scientific institutions would establish and manage the BI. The BI would soon have a separate managing committee with members from private industry, government, laboratories, financial institutions, and others. The BI will have laboratory facilities and expertise from the member institutions to help start-up industries. (Source: Business Line 8/23/03)

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<b>REPORT#</b>	<b>SUBJECT</b>	<b>DATE SUBMITTED</b>
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IN3079	Livestock Annual	08/25/2003
IN3080	Poultry Annual	08/29/2003

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